

Message Text

CONFIDENTIAL

PAGE 01 GUAYAQ 00355 161524Z

46

ACTION ARA-20

INFO OCT-01 ISO-00 AGR-20 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 INT-08 SCI-06

NSC-07 SS-20 STR-08 CEA-02 L-03 H-03 DODE-00 PA-04

USIA-15 PRS-01 SWF-02 DRC-01 /197 W

----- 082704

R 161400Z APR 74

FM AMCONSUL GUAYAQUIL

TO SECSTATE WASHDC 3176

INFO AMEMBASSY QUITO

C O N F I D E N T I A L GUAYAQUIL 355

E.O. 11652: GDS

TAGS: EAGR, ECON, PINT, EC

SUBJ: DROUGHT THREATENS COASTAL CROPS

SUMMARY: LACK OF WINTER RAINFALL HAS PRODUCED DROUGHT CONDITIONS ON COAST. SHORT-CYCLE CROPS (RICE AND COTTON) ARE HARD HIT BUT LONG-CYCLE CROPS (COFFEE AND CACAO) NOT YET AFFECTED. GOVERNMENT ANTI-DROUGHT MEASURES REGARDED AS TOO LITTLE AND TOO LATE. DROUGHT POSES POLITICAL PROBLEM FOR GOVERNMENT BECAUSE IT FORCES UP FOOD COSTS AND DRIVES MARGINAL PRODUCER FROM COUNTRYSIDE TO URBAN SLUMS.

1. LACK OF RAINFALL DURING COASTAL RAINY SEASON (DECEMBER-MAY) THREATENING TO CAUSE SEVERE CROP DAMAGE. DROUGHT MOST FELT IN PROVINCES OF EL ORO, GUAYAS, AND MANABI, WITH LATTER HARDEST HIT OF ALL. AS INDICATOR OF SEVERITY OF DROUGHT, GUAYAQUIL METEOROLOGICAL STATION INFORMS US THAT NORMAL DECEMBER 1-MAY 1 RAINFALL IS 700 MM. (27.30 INCHES). BETWEEN DECEMBER 1 AND APRIL 8 OF THIS YEAR ONLY 364.7 MM. (14.22 INCHES) HAS BEEN RECORDED. (LAST YEAR WAS A FLOOD YEAR WITH 1,773 MM. -- 69.15 INCHES -- OF RAIN DECEMBER THROUGH APRIL.) CONSIDERABLE DAMAGE EXPECTED FOR SHORT-CYCLE CROPS (E.G., RICE AND COTTON) BUT THUS FAR LITTLE OR

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 GUAYAQ 00355 161524Z

NO ADVERSE EFFECT PREDICTED FOR LONG-CYCLE CROPS (E.G., COFFEE

AND CACAO). GIVEN BELOW ARE ESTIMATES OF DROUGHT DAMAGE ON CROP BY CROP BASIS:

A. RICE - FROM ECONOMIC AND POLITICAL VIEWPOINTS, DAMAGE TO WINTER RICE CROP BY FAR THE MOST SERIOUS. ESTIMATES ON RICE CROP LOSS RANGE FROM 50 TO 70 PERCENT. COASTAL RICE GROWERS STATE THAT 50 PER CENT HAS ALREADY BEEN LOST AND THAT TOTAL COULD GO TO 75 PER CENT UNLESS RAINS COME PRIOR MAY 1. MOREOVER, IT SAID THAT RICE HARVESTED (HARVESTING SHOULD BEGIN WITHIN 15 DAYS) WILL BE LIGHT-WEIGHT AND OF POOR QUALITY. THIS PRESENTS LONG-TERM PROBLEM BECAUSE THIS HARVEST WILL NOT PROVIDE QUALITY SEED FOR SUMMER CROP, USUALLY HARVESTED IN NOVEMBER OR DECEMBER. SUMMER RICE CROPS DEPENDS ENTIRELY ON IRRIGATION AND IT FEARED THAT RIVER WATER MAY NOT BE AVAILABLE IF DROUGHT CONTINUES.

RICE IS BASIC STAPLE OF DIET ON COAST; IT ESTIMATED THAT FAMILY OF SIX CONSUMES FROM 4 TO 6 POUNDS OF RICE PER DAY. AT PRESENT RICE IS SCARCE. IT MAY BE PURCHASED AT GOVERNMENT STORES (EMPROVIT) AT OFFICIAL PRICE OF 3.20 SUCRES PER POUND (LIMIT OF 2 POUNDS PER CUSTOMER) IF ONE WILLING TO WAIT HOURS IN LINE. OTHER ALTERNATIVE IS TO PURCHASE RICE FOR FROM 5 TO 6 SUCRES PER POUND FROM ONE OF COUNTLESS NEIGHBORHOOD STORES WHICH IGNORE PRICE CONTROLS

IN GUAYAQUIL MAJOR PUBLIC MARKET RICE IS SOLD FOR AT LEAST 5 SUCRES PER POUND AND VENDORS WILLING TO SELL ONLY TO WELL-DRESSED CUSTOMERS WHO, THEY BELIEVE, WILL NOT LODGE COMPLAINT WITH LOCAL AUTHORITIES.

B. CORN - IT PREDICTED THERE WILL BE NO CORN SHORTAGE FOR HUMAN CONSUMPTION EVEN THOUGH IT IS ESTIMATED THAT 30 PER CENT OF CORN CROP HAS BEEN LOST AND ADDITIONAL 10 PER CENT MAY BE DESTROYED. NO CORN SCARCITY FOR HUMANS SEEN BECAUSE ACREAGE UP 25 PER CENT THIS YEAR AND POULTRY POPULATION, USUALLY MAJOR CORN CONSUMER, IS DOWN ABOUT 40 PER CENT. BIRD POPULATION HAS DECREASED BECAUSE OF COMBINATION OF PRICE CONTROLS ON EGGS AND BROILERS AND OUTBREAK OF NEWCASTLE DISEASE. ALTHOUGH THERE NO CORN SHORTAGE PREDICTED, THAT PRODUCED WILL BE LIGHTWEIGHT AND LACK HIGH NUTRITIONAL VALUE. FINALLY, BECAUSE FARMER GUARANTEED 120 SUCRES PER HUNDRED WEIGHT BY RECENT DECREE, THERE MAY BE FEW BUYERS. HIGH PRICE PROBABLY WILL DECREASE CONSUMER DEMAND, FEED COMPANIES NOT SEEKING TO BUY

CONFIDENTIAL

PAGE 03 GUAYAQ 00355 161524Z

BECAUSE OF CEILING ON THEIR FINISHED PRODUCT, AND PRICE TO FARMER WOULD SEEM TO MAKE ECUADOREAN CORN NON-COMPETITIVE IN WORLD MARKET.

C. COTTON - COTTON CROP, DUE TO BE HARVESTED IN MAY, HAS BEEN DEVASTATED BY DROUGHT. IT ESTIMATED THAT AT LEAST 75 PER CENT OF CROP WILL BE LOST. DROUGHT ESPECIALLY SEVERE IN MANABI PROVINCE.

D. SUGAR - SUGAR CANE THUS FAR NOT AFFECTED BY DROUGHT AS MAJOR

PLANTATIONS HAVE SOPHISTICATED IRRIGATION SYSTEM. IN FACT, CANE IS GROWING BETTER THAN USUAL BECAUSE OF ABNORMAL PLENTIFUL SUNSHINE. WORRY IS THAT WATER FOR IRRIGATION WILL BECOME SCARCE IF DROUGHT CONTINUES.

E. BANANAS - VAST MAJORITY OF LAND HOLDINGS PRODUCING CAVENDISH VARIETY FOR EXPORT HAVE IRRIGATION SYSTEMS AND THEREFORE NOT AFFECTED BY DROUGHT. HOWEVER, MANY SMALL GROWERS STILL PLANTING GROS MICHEL VARIETY FOR INTERNAL CONSUMPTION RELY ON RAINFALL AND ARE IN DIFFICULT SITUATION.

F. COFFEE, CACAO, AND CASTOR BEANS - DROUGHT THUS FAR HAS NOT DAMAGED THESE IMPORTANT EXPORT CROPS. JORGE MEDRANDA, MAJOR MANABI EXPORTER, ANTICIPATES BUMPER COFFEE CROP THIS YEAR.

G. CATTLE - THUS FAR, CATTLE INDUSTRY HAS NOT BEEN SERIOUSLY HARMED BUT THERE IS CONCERN OVER GROWING WATER SCARCITY. IT ALSO FEARED THAT NO RAIN COMBINED WITH DAYS OF SUN WILL BURN UP PASTURES.

2. NATIONAL GOVERNMENT WELL AWARE OF DROUGHT PROBLEMS AND PRESIDENT RODRIGUEZ LARA, ACCOMPANIED BY MINISTER OF AGRICULTURE, MADE AIRBORNE VISIT TO STRICKEN COASTAL AREAS WEEK OF APRIL 7-13. CERTAIN EMERGENCY MEASURES HAVE BEEN MADE: CLOUD-SEEDING OPERATION IN MANABI; IMPORTATION OF MORE THAN 500 WATER PUMPS TO INCREASE IRRIGATION POTENTIAL; BUILDING OF EARTH DAMS ON SMALL RIVERS; AND DECREES TO INCREASE AGRICULTURAL CREDIT. COSTENOS ARE SKEPTICAL AS TO PRACTICAL RESULTS THESE MEASURES. MANABI GOVERNOR STATES CLOUD-SEEDING HAS PRODUCED NO RAIN. PUMPS OF NO USE UNLESS THERE CANALS AND/OR TUBING AND 3-4 WEEKS NEEDED TO GET SYSTEMS FUNCTIONING. IT ALSO POINTED OUT THAT CORN AND COTTON FARMS LOCATED DISTANT FROM RIVERS TO AVOID FLOODING IN HIGH RAINFALL YEARS. FINALLY, SOME COMPLAINTS REGISTERED THAT BUREAUCRACY OF BANCO CENTRAL AND BANCO DE FOMENTO IS SNARLING AGRICULTURAL CREDIT IN

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 GUAYAQ 00355 161524Z

RED TAPE EVEN THOUGH MONEY AND GOOD PROJECTS TO BE FINANCED ARE BOTH AVAILABLE. ONE LOCAL LANDOWNER COMPARED GOVERNMENT ANTI-DROUGHT MEASURES WITH GIVING HANDFUL OF HAY TO STARVING HORSE -- TOO LITTLE AND TOO LATE.

3. COMMENT. DROUGHT CONDITIONS ON COAST PRESENT GOVERNMENT WITH POLITICAL AS WELL AS ECONOMIC PROBLEM. PUBLIC'S EXPECTATIONS FOR BETTER LIFE HAVE GROWN BECAUSE OF PETROLEUM REVENUES BUT REALITY HAS BROUGHT INFLATION AND RISING FOOD COSTS. DROUGHT HITS SMALL LANDOWNER HARDEST BECAUSE HE HAS NEITHER CAPITAL REQUIRED FOR INVESTMENT IN IRRIGATION OR DRAINAGE SYSTEM NECESSARY FOR PRODUCTIVE AGRICULTURE NOR NEST-EGG TO TIDE HIM OVER LEAN YEARS. DROUGHT PUSHES HIM AND HIS FAMILY FROM SMALL PLOTS TO JOIN ALREADY LARGE ARMY OF URBAN POOR IN COASTAL CITIES.

DEWITT

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CROP DESTRUCTION, AGRICULTURAL PRODUCTION, DROUGHTS, ECONOMIC ESTIMATES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974GUAYAQ00355
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740087-0788
From: GUAYAQUIL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740440/aaaabjyu.tel
Line Count: 169
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 12 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 SEP 2002 by WorrelSW>; APPROVED <06 FEB 2003 by GolinoFR>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DROUGHT THREATENS COASTAL CROPS SUMMARY: LACK OF WINTER RAINFALL HAS PRODUCED DROUGHT CONDITIONS
TAGS: EAGR, ECON, PINT, EC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005